



## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### **Credit for Renewable Electricity Production, Refined Coal Production, and Indian Coal Production, and Publication of Inflation Adjustment Factors and Reference Prices for Calendar Year 2021**

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Notice of publication.

**SUMMARY:** The 2021 inflation adjustment factors and reference prices are used in determining the availability of the credit for renewable electricity production, refined coal production, and Indian coal production under section 45.

**FOR FURTHER INFORMATION CONTACT:** Charles Hyde, CC:PSI:6, Internal Revenue Service, 1111 Constitution Avenue NW, Washington, DC 20224, (202) 317-6853 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:** The 2021 inflation adjustment factors and reference prices apply to calendar year 2021 sales of kilowatt hours of electricity produced in the United States or a possession thereof from qualified energy resources, and to 2021 sales of refined coal and Indian coal produced in the United States or a possession thereof.

*Inflation Adjustment Factors:* The inflation adjustment factor for calendar year 2021 for qualified energy resources and refined coal is 1.6878. The inflation adjustment factor for calendar year 2021 for Indian coal is 1.2998.

*Reference Prices:* The reference price for calendar year 2021 for facilities producing electricity from wind is 3.59 cents per kilowatt hour. The reference prices for fuel used as feedstock within the meaning of section 45(c)(7)(A) (relating to refined coal production) are \$31.90 per ton for calendar year 2002 and \$45.64 per ton for calendar

year 2021. The reference prices for facilities producing electricity from closed-loop biomass, open-loop biomass, geothermal energy, municipal solid waste, qualified hydropower production, and marine and hydrokinetic renewable energy have not been determined for calendar year 2021.

*Phaseout Calculation:* Because the 2021 reference price for electricity produced from wind (3.59 cents per kilowatt hour) does not exceed 8 cents multiplied by the inflation adjustment factor (1.6878), the phaseout of the credit provided in section 45(b)(1) does not apply to such electricity sold during calendar year 2021. Because the 2021 reference price of fuel used as feedstock for refined coal (\$45.64) does not exceed \$91.53 (which is the \$31.90 reference price of such fuel in 2002 multiplied by the inflation adjustment factor (1.6878) and 1.7), the phaseout of the credit provided in section 45(e)(8)(B) does not apply to refined coal sold during calendar year 2021. Further, for electricity produced from closed-loop biomass, open-loop biomass, geothermal energy, municipal solid waste, qualified hydropower production, and marine and hydrokinetic renewable energy, the phaseout of the credit provided in section 45(b)(1) does not apply to such electricity sold during calendar year 2021.

*Credit Amount by Qualified Energy Resource and Facility, Refined Coal, and Indian Coal:* As required by section 45(b)(2), the 1.5 cent amount in section 45(a)(1) and the \$4.375 amount in section 45(e)(8)(A) are each adjusted by multiplying such amount by the inflation adjustment factor for the calendar year in which the sale occurs. If any amount as increased under the preceding sentence is not a multiple of 0.1 cent, such amount is rounded to the nearest multiple of 0.1 cent. In the case of electricity produced in open-loop biomass facilities, landfill gas facilities, trash facilities, qualified hydropower facilities, and marine and hydrokinetic renewable energy facilities, section 45(b)(4)(A) requires the amount in effect under section 45(a)(1) (before rounding to the nearest 0.1 cent) to be reduced by one-half. Under the calculation required by section

45(b)(2), the credit for renewable electricity production for calendar year 2021 under section 45(a) is 2.5 cents per kilowatt hour on the sale of electricity produced from the qualified energy resources of wind, closed-loop biomass, and geothermal energy, and 1.3 cents per kilowatt hour on the sale of electricity produced in open-loop biomass facilities, landfill gas facilities, trash facilities, qualified hydropower facilities, and marine and hydrokinetic renewable energy facilities. Under the calculation required by section 45(b)(2), the credit for refined coal production for calendar year 2021 under section 45(e)(8)(A) is \$7.384 per ton on the sale of qualified refined coal. As required by section 45(e)(10)(B)(ii), the \$2.00 amount in section 45(e)(10)(B)(i) is adjusted by multiplying such amount by the inflation adjustment factor for the calendar year. Under the calculation required by section 45(e)(10)(B)(ii), the credit for Indian coal production for calendar year 2021 under section 45(e)(10)(B) is \$2.600 per ton on the sale of Indian coal.

(Authority: 45(e)(2)(A) (26 U.S.C. 45(e)(2)(A)), 45(e)(8)(C) (26 U.S.C. 45(e)(8)(C)), and 45(e)(10)(B) (26 U.S.C. 45(e)(10)(B)) of the Internal Revenue Code.)

**Christopher T. Kelley,**

*Special Counsel to the Associate Chief Counsel,*

*(Passthroughs and Special Industries).*

[FR Doc. 2021-08686 Filed: 4/26/2021 8:45 am; Publication Date: 4/27/2021]